

BANK INDONESIA REGULATION
NUMBER 21/5/PBI/2019
ON
MARKET OPERATORS IN THE MONEY MARKET AND
FOREIGN EXCHANGE MARKET

BY THE BLESSINGS OF ALMIGHTY GOD

GOVERNOR OF BANK INDONESIA,

- Considering :
- a. that Bank Indonesia aims to achieve and maintain rupiah stability through monetary stability with the support of financial system stability and undertaken by determining and implementing monetary and macroprudential policy as well as payment system and rupiah currency management, with the support of an integrity, fair, organized, transparent, liquid, and efficient financial market;
 - b. that to achieve an integrity, fair, organized, transparent, liquid, and efficient financial market, it is necessary to have market operators in the money market and foreign exchange market with good governance and effective risk management in order to reduce systemic risks in the financial market, and therefore, the role of Bank Indonesia is required in regulating and supervising market operators in the money market and foreign exchange market;
 - c. that Bank Indonesia Regulation Number 5/5/PBI/2003 on Money Broker in Rupiah and Foreign Exchange

Market as amended several times and last by Bank Indonesia Regulation Number 7/44/PBI/2005 on the Second Amendment to Bank Indonesia Regulation Number 5/5/PBI/2003 on Money Broker in Rupiah and Foreign Exchange Market no longer fits the current legal development;

- d. that based on the foregoing considerations as referred to from point a until point c, it is necessary to issue Bank Indonesia Regulation on Market Operators in the Money Market and Foreign Exchange Market;

- Observing : 1. Law Number 23 of 1999 on Bank Indonesia (State Gazette of the Republic of Indonesia of 1999 Number 66, Supplement to State Gazette of the Republic of Indonesia Number 3843) as amended several times and last by Law Number 6 of 2009 on Establishment of Government Regulation in Lieu of Law Number 2 of 2008 on the Second Amendment to Law Number 23 of 1999 on Bank Indonesia as a Law (State Gazette of the Republic of Indonesia of 2009 Number 7, Supplement to State Gazette of the Republic of Indonesia Number 4962);
2. Law Number 24 of 1999 on Foreign Exchange Flow and Exchange Rate System (State Gazette of the Republic of Indonesia of 1999 Number 67, Supplement to State Gazette of the Republic of Indonesia Number 3844);

HAS DECIDED:

- To enact : BANK INDONESIA REGULATION ON MARKET OPERATORS IN THE MONEY MARKET AND FOREIGN EXCHANGE MARKET.

CHAPTER I GENERAL PROVISIONS

Article 1

In this Bank Indonesia Regulation:

1. Market Operator in the Money Market and Foreign Exchange Market, hereinafter referred to as Market Operator, means a company which provides technology and facilitates market participants to transact in the money market and foreign exchange market and has obtained a license from Bank Indonesia.
2. Money Market means money market as specified in Bank Indonesia provisions on money market.
3. Foreign Exchange Market means a transaction of selling and/or buying foreign exchange against rupiah.
4. Money Market means money market as specified in Bank Indonesia provisions on money market.
5. Foreign Exchange Market means a transaction of selling and/or buying foreign exchange against rupiah.
6. Electronic Trading Platform Provider, hereinafter referred to as ETP Provider, means a legal entity specifically established to provide certain facilities to interact and/or transact in the Money Market and/or Foreign Exchange Market.
7. Electronic Trading Platform, hereinafter abbreviated to ETP, means an electronic system used by market participants as a facility to transact in the financial market.
8. Electronic System means series of electronic tools and procedures based on computation and telecommunication technology.
9. Market Participant means Money Market participant and Foreign Exchange Market participant.
10. Money Market Participant means money market participants as specified in Bank Indonesia provisions on money market.

11. Foreign Exchange Market Participant means a party conducting transactions in Foreign Exchange Market.
12. Money Broker in Money Market and Foreign Exchange Market, hereinafter referred to as Money Broker, means a legal entity specifically established to provide certain facilities for transactions of users and receive fees for its services.
13. User means a party using the services offered by a Market Operator.
14. Telephone Trading Information System, hereinafter referred to as TTIS, means a communication tools used for transaction purposes and equipped with certain features.
15. Systematic Internaliser means a bank providing certain facilities used to execute transactions in the Money Market and/or Foreign Exchange Market on its own account with its User.
16. Bank means commercial bank as specified in the Law on banking, including a branch office of a bank domiciled overseas and sharia commercial bank as specified in the Law on sharia banking, including sharia business unit.
17. Futures Exchange Provider means the futures exchange as specified in the Law on trade of commodity exchange, providing certain facilities for Users to transact in the Money Market and/or Foreign Exchange Market.
18. Controlling Shareholder means a legal entity, individual, and/or business group holding Market Operator share of 25% (twenty-five percent) or more of the total shares issued by a Market Operator and having a voting right or holding Market Operator share of less than 25% (twenty-five percent) of the total shares issued by a Market Operator and having a voting right but may be proven to directly or indirectly control the Market Operator.

CHAPTER II OBJECTIVES

Article 2

Bank Indonesia regulates and supervises Market Operator with the following objectives:

- a. maintain the integrity of the Money Market and Foreign Exchange Market;
- b. encourage a fair, organized, transparent, liquid, and efficient Money Market and Foreign Exchange Market; and
- c. organize integrated financial market infrastructures in line with international standard practices, to support the achievement of monetary stability.

CHAPTER III

MARKET OPERATOR, TRANSACTION FACILITIES, AND USERS

Section One

Market Operators

Article 3

- (1) Market Operators consist of:
 - a. ETP Provider;
 - b. Money Broker;
 - c. Systematic Internalisers; and
 - d. Futures Exchange Provider.
- (2) Market Operator as referred to in paragraph (1) may provide certain facilities used in interaction and/or transaction in the following manner:
 - a. bilateral, between 2 (two) Market Participants; and/or
 - b. multilateral, between more than 2 (two) Market Participants at the same time.

Section Two
Transaction Facilities

Article 4

- (1) The transaction facilities provided by Market Operator are as follows:
 - a. ETP Providers provide ETP, messaging services, and/or any other types of transaction facilities;
 - b. Money Broker provides TTIS with or without ETP and/or any other types of transaction facilities;
 - c. Systematic Internalisers provide ETP and/or any other types of transaction facilities; and
 - d. Futures Exchange Provider provides ETP and/or any other types of transaction facilities.
- (2) The transaction facilities as referred to in paragraph (1) must at least have the following functions:
 - a. monitoring of the best and updated price, exchange rate, and/or interest rate; and
 - b. publication of orders and quotation.
- (3) In addition to the functions as referred to in paragraph (2), the transaction facilities as referred to in paragraph (1) must have one of the functions to:
 - a. negotiate;
 - b. confirm transactions;
 - c. execute transactions in the Money Market and Foreign Exchange Market; or
 - d. conduct direct and/or indirect auction.

Section Three Users

Article 5

- (1) Users consist of:
 - a. Money Market Participants; and/or
 - b. Foreign Exchange Market Participants.
- (2) Bank Indonesia regulates Users for each Market Operator in providing transactions in the Money Market and Foreign Exchange Market.
- (3) Further provisions on Users for Market Operators in the form of Money Broker shall be regulated in a Regulation of Member of Board of Governors.

CHAPTER IV

LICENSES

Section One

Licenses for Market Operator

Article 6

- (1) The party providing technology and transaction facilities as referred to in Article 4 paragraph (1) for Users to transact in the Money Market and/or Foreign Exchange Market is required to have a license as a Market Operator from Bank Indonesia.
- (2) The license as Market Operatoras referred to in paragraph (1) consists of:
 - a. business license; and
 - b. operational license.
- (3) The business license as referred to in paragraph (2) point a shall be granted to the following parties:
 - a. Market Operatorin the form of ETP Provider; and
 - b. Market Operatorin the form of Money Broker.

- (4) The business license as referred to in paragraph (2) point b shall be granted to the following parties:
 - a. Market Operator in the form of Systematic Internalisers; and
 - b. Market Operator in the form of Futures Exchange Provider.
- (5) The license as Market Operator as referred to in paragraph (2) contains the following information:
 - a. types of transaction facilities; and
 - b. types of instruments and/or transactions which may be executed by a Market Operator.
- (6) The party which has obtained a license as a Market Operator as referred to in paragraph (2) will be announced on the official webpage of Bank Indonesia.

Article 7

Any Market Participants is prohibited to use services of a market operator in the Money Market and Foreign Exchange Market, which have not obtained licenses from Bank Indonesia.

Section Two

Licenses for ETP Providers

Article 8

- (1) A license for a party submitting an application as a Market Operator in the form of ETP Provider will be granted in 2 (two) phases as follows:
 - a. principal approval; and
 - b. business license.
- (2) Any party that intends to apply for the principal approval as referred to in paragraph (1) point a must meet the following requirements:
 - a. has constitutional document and articles of association or draft constitutional document and

- articles of association for a non-legal entity as a limited liability company;
- b. has draft of share ownership and management board candidates;
 - c. has draft of organizational structure and human resources;
 - d. has draft of business plan for the first 2 (two) years at least containing the following:
 - 1. feasibility study;
 - 2. economic potential;
 - 3. development plan for types of products;
 - 4. development plan for system; and
 - 5. commitment to development of domestic Money Market and Foreign Exchange Market; and
 - e. meet other administrative requirements.
- (3) Bank Indonesia grants a principal approval for fulfillment of the requirements as referred to in paragraph (2).
- (4) Any party that intends to apply for the business license as referred to in paragraph (1) point b must meet the following requirements:
- a. has a principal approval from Bank Indonesia;
 - b. is incorporated as a limited liability company with particular ownership requirements;
 - c. has paid-up capital of at least Rp 30,000,000,000.00 (thirty billion rupiah);
 - d. has reliable and secured infrastructures;
 - e. meets the requirements for integrity, competency, and/or financial aspect for Controlling Shareholders, members of board of commissioners, and members of board of directors;
 - f. has draft of business plan for the first 2 (two) years at least containing the following:
 - 1. feasibility study;
 - 2. economic potential;
 - 3. development plan for types of products;
 - 4. development plan for system; and

- 5. commitment to development of domestic Money Market and Foreign Exchange Market;
 - g. has a readiness in implementing an effective risk management in information technology;
 - h. has good governance; and
 - i. meet other administrative requirements.
- (5) Further provisions on the requirements, supporting documents, and mechanism for submission of application of principal approval and business license as an ETP Provider shall be regulated in a Regulation of Member of Board of Governors.

Article 9

- (1) Certain ownership requirements for limited liability companies as referred to in Article 8 paragraph (4) point b are as follows:
- a. Indonesian citizen and/or legal entity; or
 - b. Indonesian citizen and/or legal entity with a foreign citizen and/or foreign legal entity with maximum ownership of the foreign citizen and/or foreign legal entity of 49% (forty-nine percent) of the paid-up capital.
- (2) The ownership calculation of a foreign citizen and/or foreign legal entity as referred to in paragraph (1) point b includes direct and indirect ownership according to the evaluation of Bank Indonesia.

Article 10

- (1) The application to obtain the principal approval as referred to in Article 8 paragraph (1) point a shall be submitted at least by one of the members of board of directors if the applicant, which applies a license as a Market Operator in the form of ETP Provider, is a limited liability company.
- (2) The application to obtain the principal approval as referred to in Article 8 paragraph (1) point a shall be

submitted at least by one of the shareholder candidates if the applicant, which applies a license as a Market Operator in the form of ETP Provider, is not a limited liability company yet.

Article 11

- (1) The party as referred to in Article 10 paragraph (1) and paragraph (2), which has obtained a principal approval, must submit its business license application not later than 270 (two hundred and seventy) calendar days as from the date of principal approval issuance by Bank Indonesia.
- (2) The business license application as referred to in paragraph (1) is submitted at least by one of the members of the board of directors.
- (3) In the event that, after the term as referred to in paragraph (1), a party who has obtained a principal approval has not submitted any business license application, the principal approval issued by Bank Indonesia will be declared ineffective.

Section Three

License for Money Broker

Article 12

- (1) A license for a party submitting an application as a Market Operator in the form of Money Broker will be granted in 2 (two) phases as follows:
 - a. principal approval; and
 - b. business license.
- (2) Any party that intends to apply for the principal approval as referred to in paragraph (1) must meet the following requirements:
 - a. has constitutional document and articles of association or draft constitutional document and

- articles of association for a non-legal entity as a limited liability company;
 - b. has draft of share ownership and management board candidates;
 - c. has draft of organizational structure and human resources;
 - d. has draft of business plan for the first 2 (two) years at least containing the following:
 - 1. feasibility study;
 - 2. economic potential; and
 - 3. commitment to development of domestic Money Market and Foreign Exchange Market; and
 - e. meet other administrative requirements.
- (3) Bank Indonesia grants a principal approval for fulfillment of the requirements as referred to in paragraph (2).
- (4) Any party that intends to apply for the business license as referred to in paragraph (1) point b must meet the following requirements:
- a. has a principal approval from Bank Indonesia;
 - b. is incorporated as a limited liability company with particular ownership requirements;
 - c. has paid-up capital of at least Rp12,000,000,000.00 (twelve billion rupiah);
 - d. has reliable and secured infrastructures;
 - e. meets the requirements for integrity, competency, and/or financial aspect for Controlling Shareholders, members of board of commissioners, and members of board of directors;
 - f. has competent human resources;
 - g. has draft of business plan for the first 2 (two) years at least containing the following:
 - 1. feasibility study;
 - 2. economic potential; and
 - 3. commitment to development of domestic Money Market and Foreign Exchange Market;

- h. has a readiness in implementing an effective risk management;
 - i. has good governance; and
 - j. meets other administrative requirements.
- (5) Further provisions on the requirements, supporting documents, and mechanism of submission of application for principal approval and business license as an ETP Provider shall be regulated in a Regulation of Member of Board of Governors.

Article 13

- (1) Certain ownership requirements as referred to in Article 12 paragraph (4) point b are as follows:
- a. Indonesian citizen and/or legal entity; or
 - b. Indonesian citizen and/or legal entity with a foreign citizen and/or foreign legal entity with maximum ownership of the foreign citizen and/or foreign legal entity of 49% (forty-nine percent) of the paid-up capital.
- (2) The ownership calculation of a foreign citizen and/or foreign legal entity as referred to in paragraph (1) point b includes direct and indirect ownership according to the evaluation of Bank Indonesia.

Article 14

- (1) The application to obtain the principal approval as referred to in Article 12 paragraph (1) point a shall be submitted at least by one of the members of board of directors if the applicant, which applies a license as a Market Operator in the form of Money Broker, is a limited liability company.
- (2) The application to obtain the principal approval as referred to in Article 12 paragraph (1) point a shall be submitted at least by one of the members of the shareholder candidates if the applicant, which applies a license as a Market Operator in the form of Money

Broker, is not a limited liability company yet.

Article 15

- (1) The party as referred to in Article 14 paragraph (1) and paragraph (2), which has obtained a principal approval, must submit its business license application not later than 180 (one hundred and eighty) calendar days as from the date of principal approval issuance by Bank Indonesia.
- (2) The business license application as referred to in paragraph is submitted at least by one of the members of the board of directors.
- (3) In the event that, after the term as referred to in paragraph (1), a party who has obtained a principal approval has not submitted a business license application, the principal approval issued by Bank Indonesia will be declared ineffective.

Section Four

License for Systematic Internalisers

Article 16

- (1) Any party that intends to apply for an operational license as a Market Operator in the form of Systematic Internalisers must meet the following requirements:
 - a. is a Bank;
 - b. has reliable and secured infrastructures;
 - c. has competent human resources;
 - d. has sound financial condition in accordance with the provisions of the authorized authority;
 - e. has draft of business plan for the first 2 (two) years at least containing the following:
 1. feasibility study;
 2. economic potential; and
 3. commitment to development of domestic

Money Market and Foreign Exchange Market;

- f. has a readiness in implementing an effective risk management in accordance with the provisions of the authorized authority;
 - g. has good governance in accordance with the provisions of the authorized authority;
 - h. obtains information on registration or approval of additional instruments and/or transactions from the authorized authority; and
 - i. meets other administrative requirements.
- (2) Further provisions on the requirements, supporting documents, and mechanism of submission of application for operational license shall be regulated in a Regulation of Member of Board of Governors.

Section Five

Licenses for Futures Exchange Provider

Article 17

- (1) Any party that intends to apply for an operational license as a Market Operator in the form of Futures Exchange Provider must meet the following requirements:
- a. is a limited liability company under the laws and regulations on trade of commodity exchange;
 - b. has reliable and secured infrastructures;
 - c. has sound financial condition;
 - d. has draft of business plan for the first 2 (two) years at least containing the following:
 - 1. feasibility study;
 - 2. economic potential; and
 - 3. commitment to development of domestic Money Market and Foreign Exchange Market;
 - e. has a readiness in implementing an effective risk management in information technology in accordance with the provisions of the authorized authority;

- f. has good governance in accordance with the provisions of the authorized authority;
 - g. obtains the approval or recommendation from the authorized authority for additional instruments and/or transactions in the Money Market and Foreign Exchange Market and/or system development; and
 - h. meets other administrative requirements.
- (2) Further provisions on the requirements, supporting documents, and mechanism of submission of application for operational license as a Futures Exchange Provider shall be regulated in a Regulation of Member of Board of Governors.

Part Six

Approval for Change of Transaction Facilities, Instruments, Transactions, Electronic System, Ownership Structure, Company Name, Structure of Board of Commissioners, and Structure of Board of Directors

Article 18

- (1) A Market Operator is required to obtain the approval of Bank Indonesia if the Market Operator will change the following:
- a. service in the form of types of transaction facilities;
 - b. types of instruments and/or transactions, and/or
 - c. Electronic System which significantly incurring risks of operational to the transactions undertaken by Users.
- (2) A Market Operator in the form of ETP Provider and Money Broker is required to obtain the approval of Bank Indonesia if the Market Operator will change the following:
- a. structure of company ownership; and/or
 - b. company name, structure of board of commissioners, and/or structure of board of

directors.

- (3) A Market Operator in the form of ETP Provider and Money Broker is required to obtain a new approval or business license from Bank Indonesia if the Market Operator will take corporate actions, including merger, consolidation, acquisition, spinoff, and any other corporate actions.
- (4) Further provisions on requirements, supporting documents, and mechanism of application of approval for change of transaction facilities, instruments, transactions, Electronic System, ownership structure, company name, structure of board of commissioners, and structure of board of directors shall be regulated in a Regulation of Member of Board of Governors.

Article 19

- (1) A Market Operator in the form of Money Broker, which submits an application for approval for additional transaction facilities in the form of ETP Provider to Bank Indonesia must meet the requirements as ETP Provider as referred to in Article 8.
- (2) The regulation as referred to in paragraph (1) also applies to any party submitting an application as a Market Operator in the form of Money Broker with TTIS and ETP as the transaction facility.

Article 20

The Market Operator which submits an application of approval for change of types of instruments and/or transactions as referred to in Article 18 paragraph (1) point b must meet the following requirements:

- a. has reliable and secured infrastructures to support change of types of instruments and/or transactions;
- b. renews its business plan for the first 2 (two) years as of the planned change of instruments and/or transactions at least containing the following:
 - 1. feasibility study; and

- 2. economic potential;
- c. has a readiness in implementing an effective risk management;
- d. submits the user acceptance test result of the changed system in the event of system development; and
- e. meets other administrative requirements.

Article 21

- (1) A Market Operator, which will significantly change Electronic System as referred to in Article 18 paragraph (1) point c must report the plan of Electronic System change to Bank Indonesia the not later than 1 (one) year prior to the implementation.
- (2) A Market Operator is required to submit to Bank Indonesia an application for approval for the Electronic System change as referred to in paragraph (1) not later than 6 (six) months prior to the implementation.
- (3) The Market Operator which submits an application for approval for the Electronic System change as referred to in Article 18 paragraph (1) point c must submit the following required documents:
 - a. reasons for and description of the Electronic System change;
 - b. analysis and risk mitigation of the Electronic System change; and
 - c. other administrative requirements.

Article 22

In the event that a Market Operator in the form of ETP Provider and Money Broker submit an application for approval for the change of ownership structure as referred to in Article 18 paragraph (2) point a, the Controlling Shareholders must meet the requirements for integrity, competence, and/or financial aspect.

Article 23

- (1) In the event that a Market Operator submits an application for approval for the change of company name as referred to in Article 18 paragraph (2) point b, the Market Operator must meet the provisions specified in the Law on limited liability companies.
- (2) In the event that a Market Operator submits an application for approval for the change of structure of board of commissioners and/or structure of board of directors as referred to in Article 18 paragraph (2) point b, members of board of commissioners and/or members of board of directors must meet the requirements for integrity, competence, and/or financial aspect.

Section Seven

License Limitation Policy

Article 24

- (1) Bank Indonesia may determine license limitation policy based on the following considerations:
 - a. maintain monetary stability and integrity in the Money Market and Foreign Exchange Market;
 - b. encourage the creation of liquid and efficient Money Market and Foreign Exchange Market; and/or
 - c. Bank Indonesia's evaluation from indirect shareholders to the ultimate shareholders.
- (2) The license limitation policy as referred to in paragraph (1) is implemented in the following forms:
 - a. refusal of license application as a Market Operator;
 - b. limitation of types of instruments and/or transactions in the Money Market and Foreign Exchange Market which may be offered by a Market Operator; or
 - c. limitation of Users.

Section Eight

License Revocation Excluding the Imposition of Sanction

Article 25

- (1) Bank Indonesia will revoke a Market Operator's license in the following events:
 - a. the Market Operator is declared insolvent under a court decision; or
 - b. shareholders of the Market Operator submit a request for revocation.
- (2) Further provisions on the mechanism of license revocation excluding the imposition of sanction shall be regulated in a Regulation of Member of Board of Governors.

CHAPTER V

TYPES OF INSTRUMENTS AND TRANSACTIONS

Article 26

- (1) Types of instruments and/or transactions which may be offered by a Market Operator include:
 - a. monetary instruments, both conventional and/or under sharia principle;
 - b. transactions in the Money Market in rupiah and/or foreign exchange, including under sharia principle;
 - c. transactions in Foreign Exchange Market, namely spot, swap, forward, and option transactions in foreign exchange against rupiah;
 - d. other instruments and/or transactions in the Money Market and/or Foreign Exchange Market with the approval of Bank Indonesia; and/or
 - e. any other financial instruments and/or transactions with the approval of Bank Indonesia.
- (2) Further provisions on types of instruments and/or transactions which may be offered by a Market Operator shall be regulated in a Regulation of Member of Board of

Governors.

CHAPTER VI OBLIGATIONS AND PROHIBITIONS

Part One Obligations of Market Operator

Article 27

- (1) A Market Operator is required to submit information to Bank Indonesia in the following events:
 - a. it is sanctioned by the authorized authority within and/or outside Indonesia;
 - b. an information exchange agreement is concluded between a Market Operator and another party or information submission is required to the authorized authority within and/or outside Indonesia;
 - c. market manipulation by User is indicated;
 - d. events occurred which may potentially affect an operational continuity;
 - e. it suspends its own activities as a Market Operator;
 - f. a dispute occurred between a Market Operator and User; and/or
 - g. any other information determined by Bank Indonesia.
- (2) A Market Operator is required to submit information to Bank Indonesia if any member of board of commissioners and/or member of board of directors are proven to fail in performing his/her functions or permanently incapacitated.
- (3) Based on the information as referred to in paragraph (2), a Market Operator must replace the relevant member of board of commissioners and/or member of board of directors.

- (4) Further provisions on the mechanism of information submission to Bank Indonesia shall be regulated in a Regulation of Member of Board of Governors.

Article 28

- (1) An ETP Provider is required to maintain total equity of Rp10,000,000,000.00 (ten billion rupiah).
- (2) Any ETP Provider suffering from loss and resulting in total equity decrease to below Rp10,000,000,000.00 (ten billion rupiah) is required to meet such shortage not later than 2 (two) years as of the total equity decrease.
- (3) Any ETP Provider with total equity below Rp10,000,000,000.00 (ten billion rupiah) as referred to in paragraph (2) must submit to Bank Indonesia a plan to increase the shortage of total equity.
- (4) Further provisions on the mechanism of total equity fulfillment shall be regulated in a Regulation of Member of Board of Governors.

Article 29

- (1) A Money Broker is required to maintain total equity of Rp5,000,000,000.00 (five billion rupiah).
- (2) Any Money Broker suffering from loss and resulting in total equity decrease to below Rp5,000,000,000.00 (five billion rupiah) is required to meet such shortage not later than 2 (two) years as of the total equity decrease.
- (3) Any Money Broker with total equity below Rp5,000,000,000.00 (five billion rupiah) as referred to in paragraph (2) must submit to Bank Indonesia a plan to inscrease the shortage of total equity.
- (4) Further provisions on the mechanism of total equity fulfillment shall be regulated in a Regulation of Member of Board of Governors.

Section Two

Connectivity with Bank Indonesia System

Article 30

Market Operator's Electronic System is required to be connected with Bank Indonesia's system and/or any other infrastructures determined by Bank Indonesia.

Section Three

Obligations to Transaction Data

Article 31

- (1) Market Operator is required to manage, process, and store transaction data in accordance with the laws and regulations.
- (2) Market Operator is required to keep the confidentiality of transaction data executed by User.
- (3) Market Operator is required to provide and/or ensure availability of access and provide transaction data for supervision and/or law enforcement in accordance with the laws and regulations.
- (4) Market Operator is required to maintain and document the transaction database and/or conversation records, which may be heard and/or read repeatedly by Bank Indonesia in the retention time as specified in the laws and regulations.

Section Four

Prudential Principles and Risk Management

Article 32

- (1) Market Operator is required to implement the prudential principles and effective risk management.
- (2) The prudential principles as referred to in paragraph (1) shall at least consist of:

- a. business code of ethics as a Market Operator or other similar guidelines;
 - b. transparency and information openness;
 - c. dispute settlement mechanism; and
 - d. consumer protection.
- (3) In implementing the effective risk management as referred to in paragraph (1), a Market Operator shall at least have the following:
- a. business continuity plan;
 - b. disaster recovery plan; and
 - c. communication network which meets the principle of confidentiality, integrity, and availability.
- (4) In addition to performing the obligations as referred to in paragraph (1), paragraph (2), and paragraph (3), a Market Operator using an Electronic System is required to implement risk management in information technology.
- (5) A Market Operator is required to have a rule book.
- (6) Further provisions on mandatory application of the prudential principles and risk management shall be regulated in a Regulation of Member of Board of Governors.

Part Five

Reporting

Article 33

- (1) A Market Operator is required to submit periodic reports and incidental reports to Bank Indonesia.
- (2) The periodic reports as referred to in paragraph (1) consist of:
- a. monthly transaction report;
 - b. quarterly financial report;
 - c. audited annual financial report; and
 - d. system audit report.

- (3) The incidental reports as referred to in paragraph (1) consist of the obligation in submitting the information as referred to in Article 27 paragraph (1) and paragraph (2).
- (4) Market Operator in the form of Systematic Internalisers and Futures Exchange Provider are exempted from the obligation of financial report submission as referred to in paragraph (2) point b and point c.
- (5) Market Operator in the form of Money Broker, which only uses TTIS, is exempted from the obligation of system audit report submission as referred to in paragraph (2) point d.
- (6) Market Operator's reports is submitted offline if online reporting system is unavailable.
- (7) Further provisions on the mechanism of Market Operator's reports shall be regulated in a Regulation of Member of Board of Governors.

Part Six Prohibitions

Article 34

- (1) Any Market Operator is prohibited from the following:
 - a. providing services in the Money Market and Foreign Exchange Market, which are not in accordance with the license from Bank Indonesia;
 - b. giving investment advice and/or counsel;
 - c. conducting transactions on its own behalf and/or fund;
 - d. conducting transactions on the shareholder's behalf and/or fund;
 - e. conducting transaction settlements for a User;
 - f. providing the information on the name of a User prior to the agreement of a transaction; and/or
 - g. publishing information not based on the information from the User who intend to conduct a transaction.

- (2) The prohibitions as referred to in paragraph (1) are exempted for Systematic Internalisers.

Article 35

Controlling Shareholders of 1 (one) Market Operator is prohibited to be the Controlling Shareholders of any other Market Operator.

CHAPTER VII SUPERVISION

Article 36

- (1) Bank Indonesia conducts supervision of Market Operator.
- (2) The supervision as referred to in paragraph (1) includes:
 - a. indirect supervision; and/or
 - b. inspection.
- (3) In conducting the supervision as referred to in paragraph (1), Bank Indonesia may coordinate with other authorized authority.
- (4) Bank Indonesia may assign any other party to conduct the inspection as referred to in paragraph (2) point b.
- (5) Any other party assigned for the inspection as referred to in paragraph (4) is required to keep the confidentiality of data, information, and/or details obtained from the inspection result.
- (6) If necessary, Bank Indonesia may inspect technology providers cooperating with a Market Operator.
- (7) Further provisions on the supervision mechanism shall be regulated in a Regulation of Member of Board of Governors.

Article 37

- (1) Bank Indonesia evaluates the licenses granted to Market Operator based on the supervision result and information from other authorities.
- (2) Bank Indonesia may revoke the license of a Market Operator based on its evaluation result as referred to in paragraph (1).
- (3) Further provisions on the license revocation criteria based on the evaluation result of Bank Indonesia shall be regulated in a Regulation of Member of Board of Governors.

Article 38

Bank Indonesia may request the required data and/or information to Market Operator for licensing, supervision, and/or license evaluation purpose.

CHAPTER VIII

ADMINISTRATIVE SANCTIONS

Article 39

- (1) Any party, which provides technology and facility of Market Operator in the Money Market and Foreign Exchange Market without any license from Bank Indonesia as referred to in Article 6 paragraph (1), is subject to sanction in the form of written warning.
- (2) Any Market Participant breaching the prohibition as referred to in Article 7 is subject to sanction in the form of written warning.
- (3) Any other party which is assigned to conduct the supervision as referred to in Article 36 paragraph (4) which breaches the provisions as referred to in Article 36 paragraph (5) is subject to sanction in the form of written warning.
- (4) Any Market Operator failing to meet the obligations as referred to in Article 18 paragraph (1), paragraph (2), paragraph (3), Article 21 paragraph (2), Article 27

paragraph (1), paragraph (2), paragraph (3), Article 30, Article 31 paragraph (1), paragraph (2), paragraph (3), paragraph (4), Article 32 paragraph (1), paragraph (3), paragraph (4), paragraph (5), Article 33 paragraph, and/or Article 34 paragraph (1) is subject to sanction in the form of written warning.

- (5) Any Market Operator which is subject to sanction as referred to in paragraph (4) in the form of written warning for:
 - a. the breach of the same provisions for 3 (three) consecutive times within 1 (one) calendar year; or
 - b. the breach as referred to in paragraph (4) for 5 (five) times within 1 (one) calendar year,is subject to sanction with suspension of its activities as a Market Operator.
- (6) Any Market Operator is subject to business license revocation sanction if it fails to suspend its activities as referred to in paragraph (5).
- (7) Further provisions on the sanction imposition mechanism as referred to in a Regulation of Member of Board of Governors.

Article 40

- (1) Any Market Operator failing to meet the obligation of total equity fulfillment as referred to in Article 28 paragraph (1) and/or Article 29 paragraph (1) is subject to an administrative sanction in the form of a written warning.
- (2) Any Market Operator, which remains failing to meet the obligation of total equity fulfillment as referred to in Article 28 paragraph (2) and/or Article 29 paragraph (2) is subject to license revocation sanction.
- (3) Further provisions on the sanction imposition mechanism for any Market Operator failing to fulfill the obligation of total equity shall be regulated in a Regulation of Member of Board of Governors.

Article 41

- (1) Any Controlling Shareholder breaching the prohibition as referred to in Article 35 is subject to sanction in the form of written warning.
- (2) The sanction imposition as referred to in paragraph (1) will not omit the obligation of a Controlling Shareholder to assign its shares until it becomes a Controlling Shareholder in 1 (one) Market Operator.
- (3) The share assignment as referred to in paragraph (2) is required to be conducted within 1 (one) year since the Controlling Shareholder is imposed with the sanction as referred to in paragraph (1).
- (4) In the event that a Controlling Shareholder fails to transfer the shares as referred to in paragraph (3), Bank Indonesia will impose suspension of activities of Market Operator controlled by the Controlling Shareholder as referred to in paragraph (1).
- (5) In the event that a Controlling Shareholder fails to transfer the shares within 6 (six) months since the imposition of suspension sanction, Bank Indonesia will revoke the license of the Market Operator controlled by the Controlling Shareholder as referred to in paragraph (1).
- (6) Further provisions on the sanction imposition mechanism for Controlling Shareholders shall be regulated in a Regulation of Member of Board of Governors.

CHAPTER IX

TRANSITIONAL PROVISIONS

Article 42

- (1) Any license as a Money Broker issued by Bank Indonesia prior to the enforcement of this Bank Indonesia Regulation is declared effective.

- (2) Any Money Broker, which has a license from Bank Indonesia as referred to in paragraph (1) is required to maintain the total equity as referred to in Article 29 paragraph (1).
- (3) Any Money Broker as referred to in paragraph (2) with total equity below Rp5,000,000,000.00 (five billion rupiah) is required to meet the shortage of total equity not later than 2 (two) years as of the enforcement of this regulation.
- (4) Ownership of foreign citizen and/or foreign legal entity as referred to in Article 13 paragraph (1) point b will be exempted for a Money Broker which obtained a license from Bank Indonesia prior to the enforcement of this regulation.
- (5) The exemption as referred to in paragraph (4) will not apply if Money Broker takes any corporate action.
- (6) Any shareholder which has become a Controlling Shareholder of more than 1 (one) Money Broker upon enforcement of this Bank Indonesia Regulation may remain become the Controlling Shareholder of the Money Broker.
- (7) The Controlling Shareholder as referred to in paragraph (6) shall not become the Controlling Shareholder of any other Market Operator.

Article 43

- (1) Any party, which conducts activities as systematic internalisers and has been operating upon enforcement of this Bank Indonesia Regulation, may remain conducting its activities in providing transaction facility in the Money Market and Foreign Exchange Market, to the extent it meets the license requirements as referred to in Article 16 not later than 180 (one hundred and eighty) calendar days when this Bank Indonesia Regulation comes into force.
- (2) Any party, which conducts activities as ETP Provider in

the Money Market and Foreign Exchange Market and has been operating upon enforcement of this Bank Indonesia Regulation, may remain conducting its activities in providing transaction facility in the Money Market and Foreign Exchange Market, to the extent it meets the license requirements as referred to in Article 8 not later than 3 (three) years when this Bank Indonesia Regulation comes into force.

- ③ Any party, which conducts activities as systematic internaliser and ETP provider which fails to meet the license requirements of Bank Indonesia within the period as referred to in paragraph (1) and paragraph (2), is prohibited to conduct activities in providing transaction facility in the Money Market and Foreign Exchange Market.

Article 44

For reporting obligation, any Money Broker which has obtained a license under Bank Indonesia Regulation Number 5/5/PBI/2003 on Money Broker in Rupiah and Foreign Exchange Market as several times amended and lastly by Bank Indonesia Regulation Number 7/44/PBI/2005 on the Second Amendment to Bank Indonesia Regulation Number 5/5/PBI/2003 on Money Broker in Rupiah and Foreign Exchange Market, is required to comply with the reporting provisions as referred to in Article 33.

CHAPTER X

CLOSING PROVISIONS

Article 45

When this Bank Indonesia Regulation comes into force:

- a. Bank Indonesia Regulation Number 5/5/PBI/2003 on Money Broker in Rupiah and Foreign Exchange Market (State Gazette of the Republic of Indonesia of 2003 Number 44, Supplement to State Gazette of the Republic of Indonesia Number 4283);

- b. Bank Indonesia Regulation Number 7/20/PBI/2005 on Amendment to Bank Indonesia Regulation Number 5/5/PBI/2003 on Money Broker in Rupiah and Foreign Exchange Market (State Gazette of the Republic of Indonesia of 2005 Number 67); and
 - c. Bank Indonesia Regulation Number 7/44/PBI/2005 on the Second Amendment to Bank Indonesia Regulation Number 5/5/PBI/2003 on Money Broker in Rupiah and Foreign Exchange Market (State Gazette of the Republic of Indonesia of 2005 Number 109),
- and all of its implementing regulations are repealed and declared ineffective on 31 July 2019.

Article 46

The provisions on ETP Provider and Systematic Internalisers comes into force from 31 October 2019.

Article 47

The provisions on Futures Exchange Provider comes into force from 31 January 2020.

Article 48

This Bank Indonesia Regulation comes into force from 31 July 2019.

In order that every person may know hereof, it is ordered to promulgated this Bank Indonesia Regulation by its placement in the State Gazette of the Republic of Indonesia.

Issued in Jakarta
on 26 April 2019

GOVERNOR OF BANK INDONESIA,

SIGNED

PERRY WARJIYO

Promulgated in Jakarta
on 29 April 2019

MINISTER OF LAW AND HUMAN RIGHTS
OF THE REPUBLIC OF INDONESIA,

SIGNED

YASONNA H. LAOLY

ELUCIDATION OF
BANK INDONESIA REGULATION
NUMBER 21/5/PBI/2019
ON
MARKET OPERATOR IN THE MONEY MARKET AND FOREIGN EXCHANGE
MARKET

I. GENERAL

To achieve and maintain rupiah rate stability through monetary stability supported by financial system stability, Bank Indonesia requires the support an integrity, fair, organized, transparent, liquid, and efficient financial market in implementation of monetary and macroprudential policies and rupiah payment and management system. An integrity, fair, organized, transparent, liquid, and efficient financial market would be achieved among others by reliable and integrated financial market infrastructures.

One of the forms of financial market infrastructures is transaction facility as a place where price is created and Market Participants meet. Any party, which provides technology and transaction facility, must consider good governance and effective risk management in order to support the creation of an integrity, fair, organized, transparent, liquid, and efficient Money Market and Foreign Exchange Market. Good governance would be achieved among others by complying with the market of conduct, Users protection, and improving price transparency.

Transaction facility rapidly develop in line with the improving technology advancement. As a result, there are several alternative transaction facility based on Electronic System used by Market Participants in transactions other than the used types of transaction facility. By considering the rapid technology advancement in transaction

facility, the importance of maintaining good governance, and implementation of effective risk management, it is necessary to regulate Market Operator in a Bank Indonesia Regulation.

II. ARTICLE BY ARTICLE

Article 1

Sufficiently clear.

Article 2

Point a

The term “integrity of Money Market and Foreign Exchange Market” means providing transaction in the Money Market and Foreign Exchange Market based on code of ethics and integrity.

Point b

The term “fair Money Market and Foreign Exchange Market” means a market which has characters of proper trade practices, no discrimination in accessing the facilities and information, and no partiality to certain Market Participants.

The term “organized Money Market and Foreign Exchange Market” means a robust market with reliable procedure and system so that settlements of transactions may be conducted and it minimizes market failure risk.

One of the forms of transparency in the Money Market and Foreign Exchange Market is information openness of market price, exchange rate, and/or interest rate.

An indicator of liquid Money Market and Foreign Exchange Market among others is the easiness of Market Participants to sell or buy an instrument or conduct transactions in the Money Market and Foreign Exchange Market without significantly affecting the market price, exchange rate, and/or interest rate.

An indicator of efficient Money Market and Foreign Exchange Market among others is continuity of interaction process between bid offers in a proper, competitive, and flawless manner.

Point c

Sufficiently clear.

Article 3

Sufficiently clear.

Article 4

Paragraph (1)

Point a

The term “messaging services” means telecommunication facilities used as a tool to interact and/or transact in the Money Market and Foreign Exchange Market, which can display financial data and information and be integrated with the system in the middle office and/or back office of User.

Middle office performs, among others, measurement and supervision of transaction risks.

Back office performs, among others, settlements, clearing, maintenance of records, accounting, and/or information technology services.

Point b

Features of TTIS among others are multiline, quick dial, conference, hands-free, call history, phone book, and voice broker.

Point c

Sufficiently clear.

Point d

Sufficiently clear.

Paragraph (2)

Point a

Sufficiently clear.

Point b

An example of publishing an order through ETP is inputting sell and/or buy at the level of price, exchange rate, and/or interest rate (bid-offer) at a certain volume submitted by a Market Participant directly and/or indirectly through Money Broker.

An example of publishing quotation through ETP is inputting price, exchange rate, and/or interest rate (bid-offer) at a certain volume to another Market Participant

directly by the Market Participant and/or indirectly through Money Broker.

Paragraph (3)

Point a

The term “negotiate” means a bargaining process between Market Participants pertaining to the price, exchange rate, and/or interest rate on instruments or transactions in the Money Market and/or Foreign Exchange Market.

Point b

The term “confirm transactions” means confirmation, affirmation, or validation process of transactions made by the relevant Market Participants .

Point c

The term “execute transactions in the Money Market and Foreign Exchange Market” means agreement on selling and buying transactions in the Money Market and Foreign Exchange Market at the level of price, exchange rate, and/or interest rate at a certain volume prior to settlement phases in the form of transfer of funds or financial instruments.

Point d

The term “direct auction” means a Market Participant may input the bidding of price, exchange rate, and/or interest rate in transaction facility.

The term “indirect auction” means a Market Participant requests another party like Money Broker to input the bidding of price, exchange rate, and/or interest rate in the name of the Market Participant in transaction facility.

Article 5

Sufficiently clear.

Article 6

Sufficiently clear.

Article 7

Sufficiently clear.

Article 8

Paragraph (1)

Point a

The term “principal approval” means an approval for preparation of establishment as a Market Operator candidate.

Point b

Sufficiently clear

Paragraph (2)

Point a

Sufficiently clear

Point b

Sufficiently clear

Point c

Sufficiently clear

Point d

Sufficiently clear

Point 1

Sufficiently clear

Point 2

Sufficiently clear

Point 3

Development plan for types of products includes development of types of products and/or transactions.

Point 4

Sufficiently clear

Point 5

Sufficiently clear

Point e

Sufficiently clear.

Paragraph (3)

Sufficiently clear.

Paragraph (4)

Point a

Sufficiently clear.

Point b

Sufficiently clear.

Point c

Sufficiently clear

Point d

The term “reliable and secured infrastructures” among others Electronic System in sufficient number of units or capacity and the technology is not obsolete.

Point e

The required integrity, competence, and/or financial aspect for Controlling Shareholders, members of board of commissioners, and members of board of directors are fulfilled among others through fit and proper test by Bank Indonesia by considering the result of evaluation by other authorities and track records.

Point f

Sufficiently clear

Point g

Sufficiently clear.

Point h

Sufficiently clear.

Point i

Sufficiently clear.

Paragraph (5)

Sufficiently clear.

Article 9

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Examples of direct and indirect ownership are as follows:

PT “ABC” is owned by PT “X” of 30% (thirty percent), PT “Y” of 20% (twenty percent), and PT “Z” of 50% (fifty percent).

PT “X” is owned by PT “QRS” of 40% (forty percent). Ownership

of PT “X” in PT “ABC” is categorized as direct ownership, while ownership of PT “QRS” in PT “ABC” is categorized as indirect ownership.

Article 10

Sufficiently clear.

Article 11

Sufficiently clear.

Article 12

Paragraph (1)

Point a

The term “principal approval” means an approval for preparation of establishment as a Market Operator candidate.

Point b

Sufficiently clear.

Paragraph (2)

Point a

Sufficiently clear.

Point b

Sufficiently clear.

Point c

Sufficiently clear.

Point d

Business plan may include development plan for system and other aspects.

Point e

Sufficiently clear.

Paragraph (3)

Sufficiently clear.

Paragraph (4)

Point a

Sufficiently clear.

Point b

Sufficiently clear.

Point c

Sufficiently clear.

Point d

The term “reliable and secured infrastructures” among others mean Electronic System and/or communication tools in sufficient number of units or capacity and the technology is not obsolete.

Point e

The required integrity, competence, and/or financial aspect for Controlling Shareholders, members of board of commissioners, and members of board of directors are fulfilled among others through fit and proper test by Bank Indonesia and by considering the result of evaluation by other authority and track records.

Point f

The term “competent human resources” among others are human resources who have treasury certificates acting as a dealer under the provisions of Bank Indonesia for treasury certification.

Point g

Sufficiently clear.

Point h

Sufficiently clear.

Point i

Sufficiently clear.

Point j

Sufficiently clear.

Paragraph (5)

Sufficiently clear.

Article 13

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Examples of direct and indirect ownership are as follows:

PT “ABC” is owned by PT “X” of 30% (thirty percent), PT “Y” of 20% (twenty percent), and PT “Z” of 50% (fifty percent).

PT “X” is owned by PT “QRS” of 40% (forty percent). Ownership of PT “X” in PT “ABC” is categorized as direct ownership, while ownership of PT “QRS” in PT “ABC” is categorized as indirect ownership.

Article 14

Sufficiently clear.

Article 15

Sufficiently clear.

Article 16

Paragraph (1)

Point a

Sufficiently clear.

Point b

The term “reliable and secured infrastructures” among others Electronic System in sufficient number of units or capacity and the technology is not obsolete.

Point c

The term “competent human resources” among others are human resources who have treasury certificates acting as a dealer under the provisions of Bank Indonesia for treasury certification.

Point d

The term “authorized authority” means the Otoritas Jasa Keuangan.

Point e

The term “business plan” means a business plan of market operator in the Money Market and Foreign Exchange Market.

Business plan may also include a plan to develop types of products consisting of instruments and/or transactions, system development plan, and other aspects of transactions

in the Money Market and Foreign Exchange Market.

Point f

The term “authorized authority” means Otoritas Jasa Keuangan.

Point g

The term “authorized authority” means Otoritas Jasa Keuangan.

Point h

The term “authorized authority” means Otoritas Jasa Keuangan.

Point i

Sufficiently clear.

Paragraph (2)

Sufficiently clear.

Article 17

Paragraph (1)

Point a

Sufficiently clear.

Point b

The term “reliable and secured infrastructures” among others Electronic System in sufficient number of units or capacity and the technology is not obsolete.

Point c

Sound financial condition is proven among others with the audit result of a public accountant office.

Point d

The term “business plan” means a business plan of market operator in the Money Market and Foreign Exchange Market.

Business plan may also include system development plan of transactions in the Money Market and Foreign Exchange Market.

Point e

The term “authorized authority” means Badan Pengawas Perdagangan Berjangka Komoditi.

Point f

The term “authorized authority” means Badan Pengawas Perdagangan Berjangka Komoditi.

Point g

The term “authorized authority” means Badan Pengawas Perdagangan Berjangka Komoditi.

Point h

Sufficiently clear.

Paragraph (2)

Sufficiently clear.

Article 18

Paragraph (1)

Point a

An example of changing services is as follows: Money Broker providing transaction facility in the form of TTIS will add the transaction facility in the form of ETP for spot transactions.

Combination of the transaction facility in the form of TTIS and ETP constitutes as a hybrid business model.

Point b

An example of changing the types of instruments and/or transactions is as follows:

An ETP Provider providing spot transactions in multilateral system will add its services for swap transaction in multilateral system.

Point c

Sufficiently clear.

Paragraph (2)

Sufficiently clear.

Paragraph (3)

Sufficiently clear.

Paragraph (4)

Sufficiently clear.

Article 19

Sufficiently clear.

Article 20

Point a

Sufficiently clear.

Point b

The term “Business plan” means a business plan of market operator in the Money Market and Foreign Exchange Market.

Point c

Sufficiently clear.

Point d

Sufficiently clear.

Point e

Sufficiently clear.

Article 21

Sufficiently clear.

Article 22

The required integrity, competence, and/or financial aspect for Controlling Shareholders are fulfilled among others through fit and proper test by Bank Indonesia, and by considering the result of evaluation by other authority and track records.

Article 23

Paragraph (1)

Provisions to be fulfilled for the change of company name among others is an approval in a general meeting of shareholders.

Paragraph (2)

The required integrity, competence, and/or financial aspect for members of board of commissioners and members of board of directors are fulfilled among others through fit and proper test by Bank Indonesia, and by considering the result of evaluation by other authority and track records.

Article 24

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Point a

Sufficiently clear.

Point b

An example of limitation of the types of instruments and/or transactions is as follows:

A Market Operator in the form ETP Provider provides a multilateral system for spot transactions.

Furthermore, ETP Provider will submit an application for approval to Bank Indonesia to add the other types of transactions, namely repurchase agreement (repo) transactions.

Based on the foregoing considerations, Bank Indonesia may refuse the application for license expansion.

Point c

Sufficiently clear.

Article 25

Sufficiently clear.

Article 26

Paragraph (1)

Point a

Monetary instruments among others Bank Indonesia Certificates (SBI) including SBI under sharia principle, Bank Indonesia Certificates of Deposits (SDBI), and Bank Indonesia Securities (SBBI) in foreign exchange.

Point b

Transactions in the Money Market among others include transactions in the interbank money market (PUAB), PUAB under sharia principle (PUAS), and any other types of transactions standardized among others in the aspects of tenor, minimum volume and/or multiplication of volume, and settlement date.

Point c

Transactions in the Foreign Exchange Market includes types of transactions standardized among others in the

aspects of tenor, minimum volume and/or multiplication of volume, and settlement date.

Spot transactions cover today and tomorrow transactions.

Point d

Money Market instruments among others selling and buying of negotiable certificate of deposit and scripless commercial papers.

Transactions in the Foreign Exchange Market among others include derivative of foreign exchange against rupiah constituting a transaction based on a contract or payment agreement which value is a derivative of foreign exchange against rupiah as well as interest rate in foreign currency and rupiah or combination of inter-derivatives of the exchange rate of foreign exchange against rupiah.

Point e

Other financial instruments and/or transactions among others include currency futures and/or interest rate futures as well as transactions of Surat Berharga Negara by referring to the provisions of the relevant authority.

Paragraph (2)

Sufficiently clear.

Article 27

Paragraph (1)

Point a

An example of information submission if sanction is imposed is as follows:

If a Market Operator as a global company operating in different countries is sanctioned by another country's authority, the Market Operator must report such imposition to Bank Indonesia.

Point b

Information exchange agreement with another party or obligation for information submission to another authority includes data on domestic transactions.

An example of information submission to another authority is as follows: If a Market Operator as a global company

operating in different countries reports to another country's authority regarding all transactions in ETP, including transactions in the domestic market, the Market Operator must report it to Bank Indonesia.

Point c

The term "market manipulation" means among others:

1. layering and spoofing, means submitting multiple orders (bid or offer) on one side then executing the transaction on the other side;
2. manipulation of benchmark means transmitting false or misleading information, providing false or misleading input, or any other equivalent activities which intentionally manipulate the benchmark calculation of price, interest rate, or exchange rate;
3. momentum ignition, means submitting order or series of orders intended to start or exacerbate the trend and to encourage Market Participants to accelerate or extend the trend in order to create an opportunities or loop hole for the Market Participants to unwind or open a position at a favorable price;
4. price flashing, which means one of the manipulation strategies similar to spoofing, among others the distribution of prices or orders to an ETP for such a short duration of time, or with such frequency, that there is minimal (or no) risk of execution, therefore gives false impression of the price and liquidity in the market; or
5. quote stuffing, which means a Market Participant enters large numbers of orders and/or cancellations or updates to orders so as to create uncertainty for other Market Participants, slowing down transaction, and camouflage their own strategies.

Point d

Events potentially affecting smooth operation among others include:

1. a Market Operator maintains the system and/or network of Electronic System; and/or

2. a Market Operator suffers from connection failure and/or virus attack,
hindering services for Service Users.

Point e

An example of suspension is a Market Operator suspends transaction services through ETP for ETP recovery.

Point f

An example of dispute is a Market Operator suspends services for one of Service Users and the Service User files for objection and/or lawsuit against the Market Operator.

Point g

Sufficiently clear.

Paragraph (2)

An example of failing to perform functions or permanently unavailable among others includes passing away, suffering from physical disability, mental disability, and/or any other conditions hindering the relevant person from performing its duties.

Paragraph (3)

Sufficiently clear.

Paragraph (4)

Sufficiently clear.

Article 28

Paragraph (1)

The term “total equity” among others include paid-up capital plus profit (loss) and other total equity components.

Paragraph (2)

Total equity decrease among others includes the total equity as recorded in the latest financial report of an ETP Provider.

Paragraph (3)

Sufficiently clear.

Paragraph (4)

Sufficiently clear.

Article 29

Paragraph (1)

The term “total equity” among others include paid-up capital plus profit (loss) and other total equity components.

Paragraph (2)

Total equity decrease among others includes the total equity as recorded in the latest financial report of Money Broker.

Paragraph (3)

Sufficiently clear.

Paragraph (4)

Sufficiently clear.

Article 30

Bank Indonesia System among others include Monitoring System of Foreign Exchange Transactions against Rupiah (Sismontavar).

Another infrastructure determined by Bank Indonesia is central counterparty (CCP).

Article 31

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Sufficiently clear.

Paragraph (3)

Sufficiently clear.

Paragraph (4)

Database means comprehensive data which is systematically arranged and accessible by a Service User in accordance with their respective authority and managed by a database administrator.

Provisions for retention period among others include the Law on corporate documents.

Article 32

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Point a

One of the referred business code of ethics is the market code of conduct issued by market committees among others are Indonesia Foreign Exchange Market Committee (IFEMC) and/or Bank for International Settlement (BIS).

Point b

Sufficiently clear.

Point c

Sufficiently clear.

Point d

Sufficiently clear.

Paragraph (3)

Point a

The term “Business sustainability plan” means a policy and procedure containing planned and coordinated activities for risk reduction measures, disaster impact mitigation, and recovery process so that the operational activities of a Market Operator and services for Users may continue.

Point b

The term “Disaster mitigation plan” means a document containing plan and measures to replace and/or recover the required data access, hardware, and software so that a Market Operator may conduct critical operational activities after occurrence of interruption and/or disasters.

Point c

Sufficiently clear.

Paragraph (4)

Risk management pertaining to information technology among others include cyber security risk management.

Paragraph (5)

A rule book contains, among others, rules on transparency and information openness, dispute settlement mechanism, mechanism of registration of Service Users, termination of services for Service Users, and any other cost structures imposed on Service Users.

Paragraph (6)

Sufficiently clear.

Article 33

Sufficiently clear.

Article 34

Sufficiently clear.

Article 35

Sufficiently clear.

Article 36

Paragraph (1)

Supervision by Bank Indonesia includes supervision of means of transaction execution used by Market Operator.

Paragraph (2)

Sufficiently clear.

Paragraph (3)

Sufficiently clear.

Paragraph (4)

The assigned other party include an independent auditor with certificates and competence in financial and/or information technology aspects.

Paragraph (5)

Sufficiently clear.

Paragraph (6)

Sufficiently clear.

Paragraph (7)

Sufficiently clear.

Article 37

Paragraph (1)

The supervision result will be used as considerations in evaluating licenses as follows:

- a. business plan implementation;
- b. commitment of Transaction Actors to development of Money Market and Foreign Exchange Market in Indonesia; and/
- c. any other require aspects.

Paragraph (2)

Sufficiently clear.

Paragraph (3)

Sufficiently clear.

Article 38

Sufficiently clear.

Article 39

Sufficiently clear.

Article 40

Sufficiently clear.

Article 41

Paragraph (1)

An example of sanction imposition pertaining to breaching Controlling Shareholders is as follows:

PT “ABC” becomes a Controlling Shareholder in PT “PPU” (Market Operator in the form of Money Broker).

Then, PT “ABC” purchases the shares of PT “ETP” (Market Operator in the form of ETP Provider) and concurrently becomes the Controlling Shareholders of PT “ETP”.

Based on the foregoing considerations, Bank Indonesia will impose an administrative sanction in the form of written warning.

Paragraph (2)

An example of not omitting the obligations of Controlling Shareholders is as follows:

PT “ABC” must transfer its share ownership in PT “PPU” or PT “ETP” so that PT “ABC” only becomes a Controlling Shareholder in 1 (one) Market Operator.

Paragraph (3)

Sufficiently clear.

Paragraph (4)

An example of sanction imposition pertaining to failure to conduct share transfer is as follows:

If PT “ABC” is a Controlling Shareholder in PT “PPU” and PT “ETP” and fails to conduct share transfer within 1 (one) year as from the receipt of a written warning, Bank Indonesia will suspend the activities of PT “PPU” and PT “ETP”.

Paragraph (5)

An example of business license revocation pertaining to failure to conduct share transfer is as follows:

If PT “ABC” is a Controlling Shareholder in PT “PPU” and PT “ETP” and fails to conduct share transfer within 6 (six) months as from the suspension imposition, the Bank will revoke the license of PT “PPU” and PT “ETP” as a Market Operator.

Paragraph (6)

Sufficiently clear.

Article 42

Sufficiently clear.

Article 43

Sufficiently clear.

Article 44

Sufficiently clear.

Article 45

Sufficiently clear.

Article 46

Sufficiently clear.

Article 47

Sufficiently clear.

Article 48

Sufficiently clear.

SUPPLEMENT TO STATE GAZETTE OF THE REPUBLIC OF INDONESIA
NUMBER 6336